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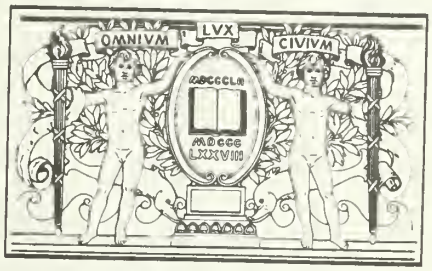

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MEMORANDUM ON

PROPOSED PURCHASE OF THE OLD YOUNG'S HOTEL PROPERTY

AS AN ANNEX TO CITY HALL

Boston Municipal Research Bureau
40 Central Street,
Boston, Massachusetts.

September 19, 1933

MEMORANDUM ON THE PROPOSED PURCHASE OF THE OLD YOUNG'S HOTEL PROPERTY AS AN ANNEX TO CITY HALL

On September 11, 1933, the Mayor of Boston submitted to the City Council recommendations for the borrowing of $700,000 by the City for the purchase of the old Young's Hotel property on Court Square. According to the Mayor's message, the new quarters would be provided for eight municipal departments for whom offices are now being rented outside City Hall.

So important is this proposal, both from the standpoint of the large amount of money involved, and the future development of city buildings, that the Boston Municipal Research Bureau believes it highly essential that the complete facts in the matter be laid before the City Council and the public.

Strong opposition to the proposed purchase has been expressed by the Boston Finance Commission in its prompt and impressive report of September 13, 1933, which gives in detail the complicated transactions resulting in acquisition of the property by the present owner. It is not necessary to review those transactions here; the resulting situation, according to the Commission, would seem to be that "if the City pays the real estate operators $700,000, they stand to make half a million dollars." In addition, the report briefly discusses several other serious objections which are treated in greater detail among the questions taken up elsewhere in this memorandum.

THE MAYOR'S PLAN

The Mayor recommends the purchase of the old Young's Hotel property at numbers 2-9 Court Square and directly opposite City Hall Annex, as a second annex to City Hall. The property in question comprises 17,553 square feet of land and two inter-connected buildings, one five stories and the other seven stories in height. Although the message of the Mayor to the City Council gives the assessed valuation as $1,300,000, the records of the State Board of Tax Appeals show that an agreement of the City with the owners, filed on May 11, 1933, reduced the 1931 valuation from $1,300,000 to $1,000,000. The

original 1932 assessed valuation, as set before the compromise agreement on the 1931 figure, was $1,300,000. Benefits claimed by the Mayor for this project are:

I. That the purchase of the property for $700,000 is a bargain.

II. That eight departments now using outside quarters could be satisfactorily housed in the old Young's Hotel property with resultant centralization of city departments.

III. That rentals paid for outside quarters to the extent of $68,920 annually, could thus be saved.

IV. That additional office space could be provided for several over-crowded city departments.

I. THE CLAIM THAT THE PURCHASE IS A BARGAIN

Probably the chief argument of the Mayor in support of the proposed purchase is his statement that it would represent a real "bargain" for the City. In the present real estate market many "bargains" are available. The City of Boston, however, is not in the real estate business. Purchase of the property which is poorly adapted and unnecessary for city use, would be unjustified, however much of a bargain it is claimed to be.

II. ELIMINATION OF OUTSIDE RENTED QUARTERS

The second argument of the Mayor is that the following eight departments with outside quarters could be satisfactorily housed in the old Young's Hotel with resultant centralization of departments:

Department	Location	Office Space Sq. Ft. (Estimate)	Rental Paid
Dept. of School Bldgs.	11 Beacon Street	12,000	$20,910
Transit Department	1 Beacon Street	8,000	17,000
Medical Examiner	274 Boylston Street	1,000	1,800
Finance Commission	24 School Street	2,500	5,100
Law Department	11 Beacon Street	8,000	16,920
Licensing Board	1 Beacon Street	2,250	4,500
Boston Port Authority	Custom House	950	Nothing
Traffic Commission	154 Berkeley Street	2,700	Nothing
	Totals	37,400	$66,230*

* Total rentals as stated by the Mayor, $68,920.

Available Office Space in Old Young's Hotel. A study of the available office space in the old Young's Hotel property indicates that approximately 57,000 square feet of office space may be utilized, or 20,000 square feet more than that now rented elsewhere. This area is divided as follows:

Size of Rooms (Area, Sq. Ft.)	Number of Rooms in Each Group	Total Area Sq. Ft.
Over 1000	13	23,400
500 - 999	12	8,600
400 - 499	9	4,100
300 - 399	17	5,800
200 - 299	35	8,400
Under 200	46	6,700
Total	132	57,000

As is natural, the division of floor area in this old hotel is dominated by small rooms. More than one-third of the rooms have an area less than that of a room fourteen feet square, and three-fourths of the rooms are less in area than a room twenty feet square. Insofar as large offices are required by the eight departments concerned, extensive rearrangement to fit their needs would be necessary. Naturally it will be difficult and expensive to adjust the layout of rooms for hotel needs of a half century ago to present City Hall requirements.

Suitability of the Buildings. The old Young's Hotel building is composed of two parts, one of which, it is estimated, is at least 50 years old and the other, 75 years old. They are of brick-joist construction - brick exterior, and mostly wooden interior. Examination of the premises indicates that in addition to rearrangement of partitions, it would be necessary to plaster, paint, and refinish the building throughout before contemplating occupancy by city departments. The present temporary floor covering is worn out. Both principal staircases are of old type construction, and present serious fire risks, although one of them is lightly enclosed. The installation of an automatic sprinkler system would probably be necessary. The floors are by no means sound.

The roof and elevators need repair, and better ventilation would have to be furnished. It seems probable that all of this repair and remodeling would require the expenditure of at least $200,000.

In general, the building is ill-suited for use by city departments. Only the expenditure of a large sum of money would provide satisfactory occupancy for even a few years.

Consent of Departments Has Not Been Obtained. An important factor is that city officials have no assurance that all of the eight outside departments will consent to move to the new location. The Licensing Board and the Finance Commission are under state control, the Medical Examiner is a county official, and the Port Authority and Department of School Buildings are partially independent of the Mayor and Council. In several instances the departments are known to be opposed to moving and it is very doubtful whether the Mayor and Council have the legal power to force them to do so. The purchase of a building to house departments which may refuse to use the space might therefore result in an absurd situation.

Complete Centralization is Inadvisable. In addition, changing the location of some of the departments concerned would be inadvisable. At the present time the Boston Port Authority is furnished ample, rent-free quarters in the Custom House Tower by the Federal Government. Its location is particularly suited to its work. Again, in the case of the Traffic Commission, a letter of the Mayor to the Police Commissioner as quoted in the press of September 14, 1933, indicates his hope and belief that the Traffic Commission should continue in its rent-free quarters at Police Headquarters. Proximity of the Department of School Buildings to the offices of the School Committee, as at present, is more to be desired than proximity to City Hall. The Finance Commission as an independent investigator of city government in Boston should have quarters which are physically removed from the departments which it must investigate.

III. SAVINGS IN OUTSIDE RENTALS

The Mayor has based much of his argument for the purchase on the claim that rentals amounting to $68,920 for outside quarters would be saved. Such a statement is misleading because of other expenses which the City would of necessity incur.

In order to purchase the property, $700,000 would need to be borrowed. Further costs of remodeling and repairing would necessitate the expenditure of at least $200,000 more, as has been indicated. Aside from annual payments which would gradually retire this $900,000 of new debt, interest costs alone, if on a 4% basis, would start with a payment of $36,000 in the first year.

In addition, the cost of services now included in private rentals would have to be met by the City in the new location. A conservative estimate of expenses of this type - janitorial service, watchmen, and elevator operators, water and heat, is $40,000 a year. Annual expenditures for maintenance and repairs on the building would probably amount to at least $20,000.

These items would therefore cost the City approximately $100,000 the first year, and slowly decreasing amounts in subsequent years. This total which excludes repayment of new bonds issued, is much more than the claimed savings in rentals of $68,920. Beyond these minimum estimates, a complete statement of costs would include an allowance for building depreciation, and for the loss of taxes on the property ($46,000 in 1932). It is evident from the foregoing that the purchase of the property would result in a heavy loss to the City from year to year, rather than a saving.

IV. ADDITIONAL SPACE FOR OVER-CROWDED DEPARTMENTS

The final argument presented by the Mayor is that additional office space could be provided for several over-crowded city departments. The two departments which the Mayor states are over-crowded are the Collecting Department and the Licensing Board. The facilities of the Collecting Department are

said to be over-crowded at certain times during the year, when long lines of taxpayers form before the collection windows. These long lines only occur during short intervals each year when tax collections are heavy, and are a minor consideration. Temporary arrangements could be made in the present quarters, and the space of other offices in City Hall could be used temporarily to facilitate tax payments.

In the case of the Licensing Board, legalization of beer and light wines, and the impending repeal of the Eighteenth Amendment are the reasons given for the need of additional space. In this connection, it is interesting to note that the School Buildings Department is planning to relinquish six of the rooms it now occupies at 11 Beacon Street at a saving in rental of approximately $3,000 annually. This would tend to offset any reasonable increase in the rent for the Licensing Board.

Finally and most important of all, the solution of any over-crowding in City Hall lies in a thorough survey of present facilities in order to reallot space on the basis of the character and office requirements of each function. Such a survey of the Police Headquarters Building was urged by the Mayor on September 13, 1933 in a letter to the Police Commissioner. The Boston press quotes from that letter as follows: "In the interests of economy, I think it would be well to make a survey of the building and see if suitable space cannot be arranged for the Traffic Commission." The same procedure should be followed at City Hall. Brief examination of the room arrangement in City Hall indicates a number of opportunities for saving space. A thorough study would undoubtedly reveal greater possibilities.

For two years the city administration has followed the general policy of not hiring new employees to fill vacancies caused by retirements, deaths, and resignations. This policy in itself should provide more space for departmental workers as time goes on.

FURTHER CONSIDERATIONS

The preceding sections of this memorandum have discussed the arguments advanced by the Mayor in recommending the purchase of the old Young's Hotel, and have shown them to be fallacious. In addition, there are further considerations which militate against the advisability of the purchase.

In the first place, the old Young's Hotel property at best could only serve as a temporary and expensive makeshift. As pointed out by the Finance Commission, tremendous pressure could be expected in the near future for replacing the old buildings with a new structure.

Many varied proposals have been made in the past for a new City Hall. For example, two reports by the Mayor's Committee on a New Civic Center in 1930 and 1931 abandoned the idea of making any replacement on the School Street site and favored location elsewhere. These two reports, and polls of civic organizations, failed to reveal any general agreement as to the best site. From a long-range point of view, no further purchases or replacements of buildings on the School Street site should be made unless and until this question is resolved. If the City ultimately decides upon a new City Hall at other than the present School Street location, the purchase of the old Young's Hotel would prove a costly mistake.

Finally, the $700,000 for the purchase of the property would be a large expenditure which would not provide any work or wages for the unemployed. Even with the expenditure of an additional $200,000 for repairs and alterations, thus providing some work, more than three-fourths of the total outlay would be unproductive of employment opportunities. As such, the project would constitute a failure to cooperate with the spirit of the national public works program to provide additional employment.

SUMMARY AND RECOMMENDATIONS

1. There is no indication of a general demand by the departments or the public for the purchase of the old Young's Hotel as a second City Hall annex.

2. Purchase of this poorly adapted and unnecessary property for city use, would be unjustified, however much of a bargain it is claimed to be.

3. While the property would provide sufficient floor space, any satisfactory occupancy would require a large expense for remodeling and refinishing this old hotel which was built more than a half century ago.

4. Of the eight departments to be housed in the former hotel: The Boston Port Authority now occupies eminently satisfactory, rent-free quarters; the Traffic Commission pays no rent and the Mayor is attempting to make it possible for the Commission to remain in the Police Headquarters Building; and neither the Department of School Buildings nor the Finance Commission, because of the nature of their functions, should be housed with other city departments.

5. Five of the eight departments are independent or semi-independent of the Mayor, and City Council. Several of them are opposed to moving, and it is doubtful whether those city officials have legal power to force them to do so.

6. T he proposal of the Mayor is utterly unjustified from a business standpoint. The small savings in outside rentals are much more than counterbalanced by new costs to the City.

7. Over-crowding in the quarters of municipal departments is by no means serious. Rearrangement of present City Hall facilities would undoubtedly alleviate any over-crowding, and might also help cut outside rentals.

8. The proposed expenditure of $700,000 would not provide any additional work or wages for the unemployed. While adding to the tax burden, this capital expenditure would not be in line with the spirit of the N.R.A. public works program.

9. The property could only serve as a temporary and expensive makeshift. If the City Hall is eventually moved to a new site, the purchase of the old Young's Hotel would be a costly mistake.